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# Terms of Reference

# National Building Energy Efficiency Study

## Background

*<Energy consumption in buildings in the country, opportunities for energy savings in the sector, benefits in terms of energy security, competitiveness, fiscal impact and climate change, institutional and regulatory framework in the country, rationale for the project.>*

## Objective

The objective of this assignment is to assess the EE market for the building sector in the [country] and develop a set of recommendations around target markets, remedies to market barriers, institutional arrangements and financing mechanisms in order to develop a large-scale and sustainable national program. These recommendations will inform the government, donors, financiers, and others about the opportunities, investment needs, financing sources, etc. and improve the Government's capacity to design and implement an EE program in a coordinated and sustainable manner.

## Scope of Work

An international consulting firm will be required to carry out the first phase of this assignment – EE market potential and options analysis. (The second phase will require preparation of more detailed plans based on the options presented in this first phase and the government and [donor] decisions on which schemes to develop further.).

### Task 1 – Market Assessment

The Consultant will conduct a market potential study for the building sector in the [country], covering public, residential, and commercial buildings. This will involve a review of existing market assessments and data, collection of additional data to address data gaps, first order estimates where data does not exist, sample of walk through audits, utility data, and other sources as needed.

During the inception mission, the Consultant should review the data availability and develop a plan, to be approved by the [donor], on additional data to be collected, method of collection, methodology of sampling and conducting the walk through audits, number of audits (not less than 30), how data gaps would be estimated, and the methodology for estimating savings potential. The [donor] and current project implementation unit within the EE Agency will help to facilitate access to available data.

The assessment report should clearly segment the buildings market by subsector (e.g., commercial would be broken down by hotels, office buildings, shopping malls, small shops and restaurants, etc.; public sector buildings would be divided by sector –health, education, cultural, etc. and subdivided by budget responsibility i.e., whether line Ministries, municipalities, other) and indicate key parameters for each, which would include but not be limited to # of facilities, total energy use, fuel(s) used, technical/economic/financial EE potential, est. investment needs to realize financial potential, average project size, est. CO2 savings, and other parameters agreed at the inception mission.

### Task 2 – Barrier Analysis

The Consultant will then undertake a comprehensive analysis of the prevailing policy/legal/market barriers for each market segment (i.e., commercial, public, residential) that are preventing the financial EE potential in Task 1 from being realized. This will be based on stakeholder consultations and interviews with various experts, donors, government officials and others. The Consultant will then prepare a matrix of barriers, and provide a menu of possible remedies for each one based on international experience. This task would include:

1. Review of policy/legal/regulatory constraints to broad EE implementation in buildings. The Consultant will assess existing policy/regulatory systems for EE in the [country] today and identify key deficiencies and gaps which would be required to be addressed in order to successfully realize a reasonable portion of the market potential for EE in the building sector. This will involve review of the EE laws, action plans, secondary EE legislation, etc. to determine the current plans for EE and assess the institutional needs and options the government would need to adequately implement these national plans.
2. Analyze the current and planned institutional set-ups to support EE policy formulation, planning, implementation, monitoring and evaluation to determine the constraints to scaling-up EE and types of institutional arrangements used elsewhere that have overcome such deficiencies.
3. Examine the financing obstacles required for investments in EE to determine the source of the constraints and broad options to address them. The Consultant should assess the availability of medium- and long-term financing within the various market segments to determine the barriers to tapping these resources, whether they be financial regulation, creditworthiness, affordability, short tenors, etc. and provide remedies for addressing each of them.
4. Identify other market barriers, which may include awareness, lack of data, transaction costs and capacity of EE market participants to deliver EE services (auditors, construction companies, ESCOs, etc.).

### Task 3 – Recommendations and Next Steps

Based on the above analyses, the Consultant will develop a set of recommendations which summarize the most viable options on the institutional and financing arrangements for the building sector. For each market segment, the Consultant should develop a range of options with examples, and then offer a short list of options deemed most viable for the market in the [country]. These would include, at a minimum:

1. The Consultant will assess the financing options for each of the market segments. While a full range of options should be presented—from public grants and budgeting to public-private partnerships (e.g., dedicated EE funds, public/super ESCOs, guarantee programs, loans with grants, loans with required cofinancing, credit lines, etc.) to commercial financing to results-based financing, efforts must be made to focus on more appropriate models among these options that appear most viable in the [country] context.
2. Development of institutional/delivery options based on the financing options presented above. Key examples of the various schemes must be provided, with at least half coming from the region.

A draft version of the recommendations must be shared with the [donor] prior to circulation to the relevant government agencies. The Consultant will also prepare a set of next steps which would only be determined after the stakeholder roundtable and discussions between the [donor] and government. The next steps could include any detailed reviews or plans that are identified through the course of the study and agreed with the counterparts.

### Task 4 – Stakeholder Roundtable

The Consultant will participate in a [stakeholder roundtable] to be co-hosted and organized by the [donor] and government. The main purpose will be to present the study’s findings on Tasks 1 & 2, and recommendations from Task 3. The [stakeholder roundtable] is meant to provide a forum for government and other represented entities to become better informed about global good practices and appropriate program strategies and financing options for the [country], ask questions about the various models, and debate the various pros and cons of the financing and institutional options presented.

A key objective is to help to build consensus on viable approaches which could be further developed. It will also offer a platform so that the Government can develop a broad strategy for buildings which other donors could join and fund in certain market segments, allowing for improved donor coordination.

### Task 5 – Final Report

After completion of the [stakeholder roundtable], the Consultant will finalize the report. In doing so, the Consultant will discuss any follow-up issues with the [donor] and government, provide any clarifications and revisions requested, revise based on feedback from the [stakeholder roundtable], and follow-on discussions with the government. The report should also include next steps, which have been agreed with the government and the [donor] for more detailed program development (under separate TOR). This will serve as the final report for this assignment.

## Qualifications

The Consultant should be a qualified firm or consortia of firms that have demonstrated experience with EE programs in heated buildings, preferably within the [region] and some experience with actually implementing such programs in a developing country context. The firm must propose a team capable of carrying out all aspects of the TOR but is expected to include a team leader, buildings specialist, financing expert, and institutional expert. Suitable local partners should also be mobilized to assist in arranging the workshop, data collection and analysis, select interviews, translation, etc.

## Schedule and deliverables

The assignment is expected to begin in [date] and last for about six months. Specific deliverables and due dates are provided below:

1. Inception mission report, which will include the methodology for the market assessment – after 2 weeks
2. Market assessment report – after 3-4 months
3. Draft report with the barrier analysis, options for remedies and recommendations/next steps (to [donor] for comments) – after 1 month
4. Revised report to be presented at roundtable – after 1 month
5. Final report – after 1 month

All deliverables must be submitted in both [languages].